

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6858

BILL NUMBER: HB 1455

DATE PREPARED: Dec 30, 2000

BILL AMENDED:

SUBJECT: Sale of Alcoholic Beverages on Sunday.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows alcoholic beverages to be sold by alcoholic beverage permittees on Sundays from noon until 12:30 a.m. the following day.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill could increase the patrol and enforcement duties of the Alcoholic Beverage Commission's (ABC) Excise Officers. Any increased expense, however, is expected to be covered using current staff and resources.

The Commission may also experience some administrative savings if in removing the current barriers to Sunday sales it is able to simplify the permitting process.

Explanation of State Revenues: *Permit Fees:* This bill eliminates the Supplemental Retailer's Permit and the Supplemental Caterer's Permit (permits which are required for restaurants and caterers to serve alcoholic beverages on Sunday). The elimination of these permits is expected to reduce the permit fee revenue distributed to the ABC's Excise Fund by approximately **\$1 M** each year.

Taxes: This bill may influence the amount of revenue the state receives from excise taxes on alcoholic beverages. While it is assumed that the majority of consumers are able to purchase all the alcoholic beverages they plan on consuming within the hours dictated by current law, it is possible that the added convenience of Sunday alcohol sales may encourage some consumers to purchase more beverages than they would have purchased otherwise. The extent to which consumers may make any additional purchases above and beyond what would be purchased under current law is unknown. However, one estimate would be that consumers would purchase an amount equal to 10% of what they currently purchase on any given day when alcoholic beverages are sold (excluding sales on Sunday made by restaurants and hotels). Based on this estimate, the bill *could* generate an additional \$600,000 in alcoholic beverage excise taxes.

The December 2000 revenue forecast estimates that alcoholic beverage excise taxes will generate approximately \$35.5 M in FY 2002.

The excise taxes on alcoholic beverages are assessed on a per gallon basis and the taxes are typically collected at the wholesale level. The excise taxes collected on alcoholic beverages vary by product and by the fund to which the tax is dedicated. Revenue from alcoholic beverage excise taxes is distributed into the State General Fund, the Post War Construction Fund, the Pension Relief Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund.

Any impact on sales tax revenue is expected to be minimal since additional purchases of alcohol would likely reduce consumer spending on other sales taxable items.

Background Information: Under current law, retail, drug, and package stores are limited to selling alcohol each day, Monday through Friday, from 7 a.m. until 3 a.m. the following day. This bill would allow these establishments to also sell alcoholic beverages from noon on Sunday until 12:30 a.m. on Monday. Restaurants, bars, and other establishments are limited to selling alcoholic beverages during these times, unless they meet certain requirements and are licensed by the Commission. There are approximately 3,200 establishments that can serve beverages on Sunday. Restaurants with a permit may serve alcoholic beverages from noon on Sunday until 12:30 a.m. on Monday, while hotels with a permit may serve from 11:00 a.m. on Sunday until 12:30 a.m. on Monday.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fifty percent of the revenue from the excise tax on alcoholic beverages distributed to the State General Fund is set aside for State General Fund purposes and 50% is allocated to cities and towns based on population.

This proposal may also increase revenue in areas with a food and beverage tax. Any impact is expected to be minimal since many restaurants with higher levels of annual revenue already have the option of obtaining a permit to sell alcohol on Sundays.

State Agencies Affected: Alcoholic Beverage Commission.

Local Agencies Affected:

Information Sources: Alcoholic Beverage Commission; *December 19, 2000, Revenue Forecast Update*; U.S. Bureau of Labor Statistics, *Consumer Expenditure Survey*; U.S. Census Bureau.